

Selling Your Policy

If you decide to sell your life insurance policy, you should be aware that Maryland law requires your viatical settlement broker to take certain steps in every transaction. The broker should:

1. Give you a written description of the services that are required on your behalf by state law
2. Disclose all offers, counter-offers, acceptances and rejections relating to the sale of your policy within 72 hours of their receipt
3. Explain in writing within 72 hours before a viatical settlement contract is signed by all parties, the amount of the broker's compensation and how it is calculated; and
4. Make other disclosures regarding your legal rights in a viatical settlement.

If you believe your viatical settlement broker did not make a required disclosure or did not perform a legally required service, you may file a complaint with the Maryland Insurance Administration against the broker. For information on filing a complaint, you may call or write the Insurance Administration or visit our website: www.insurance.maryland.gov

Buying a Life Insurance Policy?

If you are considering buying a life insurance policy as an investment, contact the Securities Division of the Maryland Office of the Attorney General (888-743-0023), for more information.

Persons with disabilities may request this document in an alternative format. Requests should be submitted in writing to the Director of Public Affairs at the address listed below.

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200 St. Paul Place, Suite 2700
Baltimore, MD 21202
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800-492-6116
800-735-2258 TTY

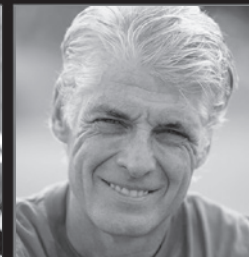
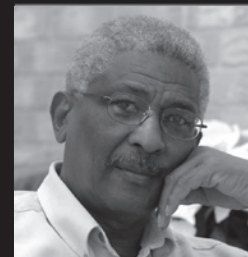
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VIATICAL SETTLEMENTS

A GUIDE TO SELLING YOUR LIFE INSURANCE POLICY



Understanding Viatical Settlements

The Maryland Insurance Administration and the National Association of Insurance Commissioners want you to have the facts before you sell your life insurance policy. This brochure provides some of that information, but it is only a starting point. Consult your own professional financial advisor, attorney, or accountant to help you understand your rights in the transaction, possible consequences and alternative solutions that may better serve your personal situation.

What is a Viatical Settlement?

A viatical settlement is a written agreement for the sale of a life insurance policy to a third party. The owner or certificate holder of the life insurance policy (the *viator*) sells the policy for an immediate cash benefit.

At one time, most viatical settlements were for people with a life-threatening illness. Now, individuals who are not facing a health crisis may sell their life insurance policies to obtain cash.

A *viatical settlement broker* is the person or company that, for a fee, commission or other consideration, arranges the sale of your life insurance policy.

In Maryland, a viatical settlement broker represents only the viator and has a duty to act in the viator's best interest. Viatical settlement brokers must be both licensed to sell life insurance in Maryland and specifically registered with the Maryland Insurance Commissioner to conduct viatical settlements.

The *viatical settlement provider* is the buyer and becomes the new owner of the life insurance policy, pays future premiums, and collects the death benefit when the insured dies. Viatical settlement providers must be registered with the State Insurance Commissioner.

Consider Your Options

If you're selling your policy to obtain cash to pay expenses, check all of your options. You may find a way to receive more cash from your life insurance policy.

1. Ask your insurance agent or company if you have any cash value in your life insurance policy. You may be able to use some of the cash value to meet your immediate needs and keep your policy in force for your beneficiaries. You may also be able to use the cash value as security for a loan from a financial institution.
2. Find out whether your life insurance policy has an *accelerated death benefit*. An accelerated death benefit typically pays some of the policy's death benefit before the insured dies. It may be a way for you to get cash from a policy without selling it to a third party.

Consumer Tips

- Comparison shop. Get quotes from several potential buyers to make sure you have a competitive offer.
- Find out the tax implications. Not all proceeds from the sale of your life insurance policy are tax-free.
- It's important to know that any of your creditors could make a claim against your cash settlement.
- Find out whether you will lose eligibility for public assistance benefits such as food stamps or Medicaid if you receive a cash settlement.
- The buyer of your policy may periodically ask you about your health status. The buyer is required to give you a privacy notice outlining who will get this personal information. Be sure to read it.

- Check all application forms for accuracy, especially your medical history. All questions must be answered truthfully and completely.
- Make sure the viatical settlement provider agrees to put your settlement proceeds into an independent escrow account to protect your funds during the transfer.
- Remember that, by law, you have the right to change your mind and rescind the transaction within 15 days of receiving the cash payment.

The Maryland Insurance Administration maintains a list of viatical settlement providers and brokers who are registered to do business in the State. The list can be found on the Administration's website: www.insurance.state.md.us.

Questions to Ask

- Do I still need life insurance protection?
- If I sell my policy, who decides the amount of the settlement offer and how is it calculated?
- Is this an employer or other group policy? If so, do I need permission to sell it?
- If I sell my policy, who will be the legal owner?
- Do I need the advice of a tax or estate planning advisor before I decide to sell my policy?
- Who will have private information about me, my family or my health status?
- After I sell my policy, can it be resold by the buyer?